



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
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CONSUMER PROTECTION DIVISION
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Press Release

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Attorney General Darrell McGraw Announces Final Ideal Motors Settlement Of \$1.1 Million

Attorney General Darrell V. McGraw, Jr. today announced the final settlement in the State's case against Ideal Motors, an auto dealership in Grafton, West Virginia that went out of business in early 1998. Under the settlement, two insurance companies will pay a total of \$1,093,250.00 on behalf of Ideal Motors, Inc.; former owners Joe Parrish, Larry Reed, and Jerry Stalnaker; Sean Parrish, the sales manager; Jamie Parrish, the finance manager; and Parrish Automobile Training Company.

With this final settlement, the Attorney General's investigation of Ideal Motors, and the subsequent lawsuit, has resulted in settlements valued in excess of \$3,574,962.00. Since this lawsuit was filed in June 1998, settlements with former defendants and non-defendant lenders has offered restitution and other remedies to approximately 2,244 consumers who purchased vehicles at Ideal Motors.

The money received in this final settlement will be distributed to approximately 1206 consumers who have not had the opportunity to participate in any previous settlement. Although some of these consumers are from the Grafton area, many are from surrounding counties such as Marion, Upshur, Monongalia, Randolph, Barbour, Tucker, Lewis, Preston and Harrison counties. These consumers will be eligible to receive amounts ranging from \$25.00 to well over \$5,000.00, depending upon the number of consumers who choose to participate in the settlement. The amount to which each consumer is entitled is based, in part, on the undisclosed additional points of interest charged and the undisclosed products packed into the loan.

The Attorney General's suit alleged that Ideal Motors and the lenders that financed its auto sales engaged in loan packing, a practice by which salespersons quoted inflated monthly payments to consumers. By packing the loan, the dealer created "room" into which unwanted services or products could be sold. The dealer then added extended warranties, credit life insurance, credit disability insurance, and auto club-type products to the loan without asking the consumer. The consumer ended up buying unwanted products or services without knowing that he was paying for them.

The suit also charged that Ideal inflated the interest rates on loans to higher rates than consumers would have paid if they had arranged their own financing, causing some consumers to pay thousands of extra dollars over the terms of the loans. The lenders allowed Ideal Motors to keep the proceeds of this upcharge on the interest rate. "Consumers should always compare interest rates at several financial institutions before shopping for a new vehicle in order to avoid this upcharge on interest," warns Attorney General McGraw.

The Huntington Bank and National City Bank of Pennsylvania denied any liability and made no monetary contribution under the settlement. However, consumers who financed with their purchases from Ideal through National City Bank of Pennsylvania or The Huntington Bank are eligible to participate in this settlement. Other consumers who are eligible include those who financed their purchases through Aegis, Bankers Trust, United National Bank, PNC Bank, Guardian National Acceptance Corp., First Virginia, First American Acceptance Corporation, and Arcadia Financial Ltd. Consumers who believe they may be

eligible to participate in this settlement should contact Attorney General McGraw's Consumer Protection Division to provide their current mailing addresses. The Consumer Protection Division may be reached by calling 1-800-368-8808 or 304-558-8986; by writing to P.O. Box 1789, Charleston, WV 25326-1789; or by e-mailing to consumer@wvago.state.wv.us

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